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## California's FY 2018/19 Budget: Impacts on Alameda County Seniors and Services

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**On June 27, 2018 Governor Jerry Brown signed the budget for California's 2018/19 fiscal year.**

This final budget of the Governor's last term adopts his tell-tale conservative economic projection for the state's revenues, anticipating an \$8.8 billion surplus versus the Legislative Analyst's Office projection of \$11.4 billion. The budget uses much of the surplus to prioritize building the state's reserves, but it also delivers two milestones in addressing economic security for older Californians and takes a step towards better planning for an aging population.

**The budget sets aside enough money in reserves to fill the "Rainy Day Fund"** to a level that is equivalent to 10 percent of general fund spending. In addition, it places another \$2.2 billion in contingency funds for other unexpected emergencies and creates two new reserve accounts that might provide flexibility in an economic downturn. That gives the state about \$16 billion in total reserves, enough to weather a mild recession without severe cuts to government services, according to the Legislative Analyst's Office.

**The budget repeals a decades-old state law that made SSI/SSP recipients ineligible for federal SNAP (CalFresh) benefits** in exchange for a \$10 per month increase in grant levels. By ending this "cash out" beginning in June 2019, the state will permit SSI recipients to apply for CalFresh. It is estimated that as many as 375,000 SSI recipients may become eligible for CalFresh.

**The new budget extends California's Earned Income Tax Credit to low-earning older adults** who are currently ineligible.

**The budget includes \$3 million to collect and analyze data on long-term services and supports** through the California Health Interview Survey. The data collected from the survey will help California to track and plan for the needs of seniors.

**In spite of these milestones, the budget leaves us disappointed and alarmed.** This year compelling funding proposals – for MSSP, Senior Nutrition, and ending the Medi-Cal senior penalty – survived the lengthy budget committee process, only to be negotiated away by a Conference Committee that didn't follow precedent.

In light of the deepening poverty of older Californians, their growing numbers, and the urgent need to build capacity and shore up a faltering aging services ecosystem, we are shocked that our elected officials failed to carry these urgent requests across the finish line. We will enter the next budget season with an ever more pressing need to invest in the aging services that can improve life and health outcomes for older Californians.

**The following pages summarize the items in the Budget that directly impact seniors and senior services in Alameda County.** (For a deeper analysis of the entire Budget, including new investments in higher education, affordable housing and the 2020 Census, check out [www.CalBudgetCenter.org](http://www.CalBudgetCenter.org).)

## **A** DULT DAY SERVICES

**The 18/19 Budget maintains the state’s historic neglect of Adult Day Services.** It does not increase Medi-Cal’s CBAS rate; leaving rates at levels that are unsustainable and continue to force Adult Day Health Care providers across the state to close their doors or turn away from serving Medi-Cal beneficiaries. CBAS could have been included in the list of programs slated for Prop 56 Medi-Cal provider payments, but it was not (see Medi-Cal section). The budget lacks any increases in funding for Adult Day Care, nor does it restore the funding for the Alzheimer’s Day Care Resource Centers that was eliminated in 2009.<sup>i</sup>

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*In Alameda County, Adult Day programs provide care for over 1,700 frail older adults and people with disabilities each year.*

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## **A** DULT PROTECTIVE SERVICES

**The 18/19 budget provides \$15 million in one-time funding for the APS Home Safe Pilot Program,** which will provide rapid rehousing and other services for victims of abuse or neglect who are facing eviction or are homeless. The funding will be available to counties that provide local matching funds.<sup>ii</sup> Alameda County Social Services Agency proposed this program last year, and though it failed to make it into the 17/18 budget it gained the backing of the California Welfare Directors Association. CWDA’s concerted lobbying effort won the Governor’s support.

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*In Alameda County, APS is housed in Alameda County’s Adult & Aging Services Department along with the Public Guardian and Public Administrator, and responds to over 5,700 reports of abuse of elderly and dependent adults a year.*

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## **C** ALIFORNIA COMMUNITY TRANSITIONS

**With only Assembly support, the final budget fails to invest in Community Care Transitions,** a program that has transitioned over 3,600 Californians with disabilities, including older adults, out of nursing homes to live in the community. CCT had been funded by the federal Money Follows the Person – funding that has lapsed.

**Take-away:** Without state funding, CCT will cease to exist in 2020. Concerted advocacy is needed at both the federal and state level to avoid this consequence.

## **E** ARNED INCOME TAX CREDIT

**Following the Governor’s lead, the 18/19 budget extends the CalEITC to low-earning older and younger adults who are currently ineligible for the credit.** Starting with tax year 2018, workers younger than 25 and older than 64 with incomes low enough to qualify for the state credit will be eligible for the CalEITC. The credit will help increase

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*In Alameda County, 17.7 percent of people who are age 65 and older are employed, many in part-time and low-wage jobs that help them to make ends meet.*

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economic security for older adults who are working beyond what was once the traditional retirement age.

The budget also makes modest increases to the income limits to qualify for CalEITC. It raises the limit for workers with dependents from about \$22,000 annually to just under \$25,000, and increases the limit for workers who do not have dependents from about \$15,000 to almost \$17,000. In addition, the budget provides \$10 million General Fund to support community-based efforts to promote the CalEITC, evaluate those efforts, and support organizations that provide free tax preparation services.

## **H**OUSING & HOMELESSNESS

**The 18/19 budget allocates \$500 million for Homeless Emergency Aid block grants** available to jurisdictions that declare a local shelter crisis. The grants can be used for a wide range of interventions. Part of the money will be directed to existing local homelessness planning bodies, and the rest allocated based on the size and proportion of each locality's homeless population. The budget directs an additional \$60 million in one-time funding to address homelessness among domestic violence survivors, youth and people with mental illness, and makes ongoing increases to CalWORKS programs that assist homeless families.

In addition, the budget allocates \$245 million from the 2017 SB 2 Building Homes & Jobs Trust Fund (which uses real estate transaction fees to fund affordable housing and homelessness prevention and services) and allocates \$500,000 for increased staff at the Department of Housing and Community Development to oversee the initiatives. <sup>iii</sup>

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*In Alameda County, over 10% of homeless people are age 65+, and the median age of the homeless population is rising as more seniors become homeless for the first time. Housing cost burden is high for seniors: over 30% of senior homeowners pay over 30% of their income for housing; 66% of senior renters pay over 30% of their income (US Census).*

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The 18/19 budget anticipates voter approval of a \$4 billion affordable housing bond that will be on the November ballot. The budget also provides that the No Place Like Home program will be on the November ballot. This is the \$2 billion bond measure from 2016 that has been stalled by a legal challenge about the use of Mental Health Services Act funding to repay the bond. The program would fund permanent supportive housing for people with mental illness who are homeless or at risk of homelessness.

## **N-HOME SUPPORTIVE SERVICES**

**The 18/19 budget anticipates the IHSS** average monthly caseload will increase by 5.4% to 545,000 people. The budget also includes \$29.3 million state funds to implement eight paid sick leave hours for IHSS providers beginning on July 1, 2018. The budget does not include the Governor's proposal to cover the state minimum hourly wage increase from \$11 to \$12 (this would not have impacted Alameda County, where IHSS provider wages are \$12.50/hour).

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*In Alameda County, over 22,000 seniors, children and people with disabilities rely on over 21,000 IHSS workers to help them live safely in the community.*

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## **M**EDI-CAL

The FY 18/19 budget does not end the Medi-Cal senior penalty. This is a shocking disappointment after the item was supported by both the Senate and Assembly and advanced to the Conference Committee in order to negotiate details of implementation. The senior penalty is the difference in Medi-Cal income eligibility levels for younger adults vs. people age 65 and older, an inequity that causes low income seniors on Medi-Cal to become ineligible when they turn 65, in spite of there being no change in their income.

The budget does include funding to expand access to the Assisted Living Waiver, increasing the number of waiver slots by 2,000 for a total of approximately 5,700.

The budget allocates over \$1 billion in 2016 Prop 56 tobacco tax revenues supplemental payments and rate increases for Medi-Cal providers – with the exception of Adult Day Health Care providers. This allocation includes \$27.6 million for a 50-percent rate increase and associated increases in utilization for home health providers that provide medically necessary in-home services to children and adults in the fee-for-service system and through home and community-based services waivers.

The new budget does not address the “optional” benefits still waiting to be restored – audiology, podiatry, incontinence creams and washes and speech therapy – after the 2009 the state budget eliminated optional services.<sup>iv</sup>

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*In Alameda County, over 52,000 people age 65+ rely on Medi-Cal coverage. Over 9,500 of them are not covered by Medicare.*

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**Take-Away:** While California is making headway in covering needed services and addressing the problem of low rates that discourage health care providers and limit access, the state has a blind spot when it comes to seniors. Adult Day Health Care has been neglected, along with the “optional” benefits that are highly effective at helping seniors remain in the community and out of acute care settings. This, and addressing the inequity of the senior penalty, must be priorities for next year.

## **M**ULTI-PURPOSE SENIOR SERVICES PROGRAM

The 18/19 budget does not increased funding for MSSP. Programs statewide sought \$5.1 million for a rate increase for this Medi-Cal waived program,<sup>v</sup> a request that was approved by the Senate and Assembly Budget Committees. Because of this agreement the item should not have gone to the Conference Committee, and the funding should have been in the final budget. We are alarmed by this willful disregard of the budget committees’ decisions. MSSP’s case management model (nurse/social worker) is highly effective

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*In Alameda County we face a critical shortage of MSSP slots – only 380 between the two MSSP providers in Oakland and Fremont. Eligible seniors may die or enter nursing homes while waiting for a slot to open.*

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in helping older adults who are eligible for Medi-Cal covered nursing home care remain safely at home at a fraction of the cost of a SNF.

**Take-Away:** A rate increase is urgently needed to keep MSSP programs viable, and funding to expand capacity is long overdue.

## **OLDER CALIFORNIANS ACT PROGRAMS**

**O**The FY 18/19 budget reflects a chronic neglect of Older Californians Act programs. Only the Long Term Care Ombudsman Program received a funding increase, but only an additional \$2.5 million, far less than the request. A well-reasoned \$17 million budget request for Senior Nutrition received support from the Assembly Budget Committee but didn't make it into the Conference Committee negotiations.

The state's new budget leaves the aging services ecosystem, that is represented by the programs within the Department of Aging, in crisis. These programs have not seen increases in state funding – other than occasional one-time increases – since a series of devastating state cuts and eliminations in 2008-09 that hit Alzheimer's Day Care Resource Centers, Senior Nutrition (congregate meals and meals on wheels), Caregiver Resource Centers, Long Term Care Ombudsman, Brown Bag, Respite Services, Linkages, Foster Grandparents, Senior Companions, HICAP and Senior Employment.<sup>vi</sup>

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*Alameda County currently receives approximately \$6 million a year in mostly federal funding through the Older Americans Act to provide services to over 65,000 county residents.*

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**Take-Away:** The governor and legislature have ignored the pressing need to adequately fund the aging services that will help the growing number of older Californians and their family caregivers meet the challenges of aging. The state's failure to recognize and address the needs of older people is alarming. California must invest in the aging services infrastructure so that Californians will have the support they need to live safe and healthy lives in their communities.

## **SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT**

**S**The 18/19 budget repeals the decades-old state law that made SSI/SSP recipients ineligible for federal SNAP (CalFresh) benefits in exchange for a \$10 increase in the SSP grant amount. When "cashout" ends in June 2019, SSI recipients will be able to apply for CalFresh. This historic policy change will increase food security for as many as 375,000 SSI recipients. The state's Department of Social Services is charged with developing a table of benefit levels in consultation with stakeholders.

The budget establishes two new programs to "hold harmless" the SSI/SSP recipients

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*In Alameda County about 50,000 seniors and adults with disabilities rely on SSI/SSP. The 2018 maximum grant level for individuals is \$910 a month, putting individual recipients' incomes at 10% lower than the federal poverty level and far below the Elder Economic Security Standard. Translation: many SSI recipients struggle to meet their most basic needs.*

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who may be adversely affected by the end of cashout. The State Nutritional Benefits Program will provide a monthly supplement to the CalFresh amount to an estimated 70,000 households that would otherwise see a decrease in CalFresh benefits. The Transitional Nutrition Benefits Program will assist households that will lose all eligibility for CalFresh when the cashout ends.

The budget restores the Cost of Living Adjustment (COLA) for SSP, the state's share of the SSI/SSP grants for over 1.3 million low-income seniors and people with disabilities – as of July 2022.<sup>vii</sup> Until then, maximum grant levels will remain the same – at \$910/month for an individual and \$1,532 for a couple – until anticipated federal Cost Of Living Increase takes effect in January.<sup>viii</sup>

The budget also increases grant amounts for the Cash Assistance Program for Immigrants (CAPI) by \$10 for an individual and \$20 for a couple. This brings CAPI grants up to the SSI/SSP payment level. CAPI provides cash grants to certain immigrants who are not eligible for SSI.

**Background:** During the Great Recession, policymakers eliminated the annual state COLA and cut the SSP portion of the monthly grant to the minimum allowed by federal law (from \$233 to \$156 for individuals and from \$568 to \$396 for couples). In 2016, the state provided a 2.76% increase to the state's SSP portion, increasing grant levels by \$4.32 per month for individuals and \$10.94 per month for couples. CAPI grant levels were increased similarly.<sup>ix</sup>

**Take-Away:** Three years is a long time to wait for the reinstatement of annual Cost Of Living Adjustment. While the restoration and CalFresh eligibility are meaningful steps in addressing the reality of basic living costs in California for SSI recipients, we still have a long way to go.<sup>x</sup>

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**The Senior Services Coalition of Alameda County** is a coalition of nonprofit and public organizations that provide health care and supportive services to seniors. We are committed to establishing an easily accessible, coordinated system of social, medical and supportive care for seniors in Alameda County.

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<sup>i</sup> Elimination of ADCRC funding in 2009 combined with cuts in prior years resulted in a total loss of \$120,000 in annual funding for services in Alameda County.

<sup>ii</sup> The Governor's trailer bill pared down the description of the Home Safe program and may have unintentionally excluded three populations from eligibility. California Welfare Directors Association and other advocates were working to fix this problem, but at this time we don't know if they were successful.

<sup>iii</sup> For more information on the 2017 housing package, go to [hcd.ca.gov/policy-research/lhp.shtml](http://hcd.ca.gov/policy-research/lhp.shtml).

<sup>iv</sup> Dental, enteral nutrition, acupuncture and psychology benefits were restored over the last three budget cycles. Medi-Cal's optometric and optical services for adults are scheduled to be restored starting January 1, 2020 (part of the FY 17-18 budget legislation).

<sup>v</sup> For many years advocates have sought restoration of MSSP funding that was cut a decade ago so that the number of participants could be increased statewide. This year, with many MSSP programs so underfunded that they face closure, advocates are seeking funding to increase the reimbursement rate.

<sup>vi</sup> The Foster Grandparent, Linkages and Brown Bag programs were eliminated; other programs deeply cut. The annual loss to Alameda County of the State's 2008 cuts is \$549,000 – calculated based on local

impact of elimination of Older Californians Act funding for Respite (\$10,000), Brown Bag (\$40,000), Alzheimer's Day Care Resource Center (\$120,000), Linkages (\$228,000), Senior Companion Program (\$21,000) and Ombudsman (\$130,000).

<sup>vii</sup> The SSP COLA was repealed in 2009 during the recession and only one SSP COLA has been provided since that time.

<sup>viii</sup> The federal cost of living adjustments are based on the current Consumer Price Index growth factors, and are projected to be 2.6% for 2019. As a result, the maximum SSI/SSP monthly grant levels will likely increase by about \$20 and \$29 for individuals and couples, respectively, effective January 2019.

<sup>ix</sup> CAPI grants are set lower than SSI/SSP grant levels: \$10/month lower for individuals and \$20/month lower for couples.

<sup>x</sup> 2018 Federal Poverty Guidelines are \$1,011.67/month for an individual, \$1,371.67/ month for a couple. The 2015 Elder Economic Security Standard Index for Alameda County seniors is \$2,273/month for a single renter, \$2,991/month for a couple who rent rather than own their home.